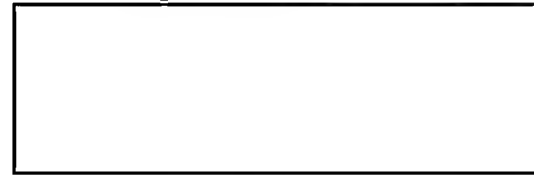


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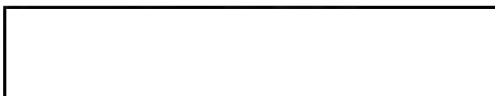
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FRANCE: France may be developing a more flexible nuclear strategy that would be more in harmony with that of NATO.

According to a high-level French Foreign Ministry official, Paris realizes that in the event of a Soviet attack against NATO, the French may wish to respond without the use of strategic weapons against the USSR. During the initial stages of a European conflict, the French might consider a demonstration use of strategic nuclear weapons or the use of tactical nuclear weapons to indicate Paris' determination to move up the ladder of nuclear escalation. The French official went on to say, however, that France would not associate itself officially with NATO's strategy of flexible response.

Although the official indicated that the development of tactical nuclear weapons has required France to consider a more flexible strategy to accommodate these weapons, he did not elaborate on the actual strategy. This may be a reflection of official French policy. Former defense minister Michel Debré expressed little interest in formulating a rigorous doctrine for the use of tactical nuclear weapons. In the French view, the lack of a highly defined policy serves the dual purpose of enhancing the credibility of the deterrent by not publicly formulating a specific outline for its use, allowing military planners some latitude in selecting the weapons to fit specific situations.

With the adoption of a policy of flexible nuclear response, French strategic thinking is evolving toward a doctrine more consistent with that of the US and NATO. Nevertheless, France is expected to continue on a separate--although not necessarily divergent--course for the foreseeable future. The French will continue to insist on maintaining absolute control over their nuclear forces and will resist political-military agreements with NATO that in any way hamper their freedom.

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GREECE: The designation of Spyros Markezinis as prime minister, which is to be followed within a week by the installation of an all-civilian cabinet, marks a further stage in the consolidation of President Papadopoulos' power. It could bring him new problems, but a smooth transition would be a major triumph.

Ever since the military coup in 1967, there have been dissenters within the junta to Papadopoulos' rule. Some have resented his self-aggrandizement, while others allegedly have had basic differences with his policies. This opposition persists and was demonstrated publicly last week when Deputy Prime Minister Makarezos--one of the top three junta leaders--resigned, stating that he agreed with the Markezinis "solution"--a political cabinet--but had basic policy differences with the President. Other opponents, the so-called superrevolutionaries, also continue to voice, publicly and privately, their dissatisfaction with having to leave the government in the hands of Papadopoulos, who they fear may move away from the goals of the revolution.

Papadopoulos so far has succeeded in outmaneuvering his opponents. Since proclaiming himself president of the new republic last June, he has implemented the first stages of his controlled democracy; the plebiscite in July confirmed the republic and his presidency, and a constitutional court was formed in September to oversee the development of political life. The removal from the cabinet of men with military backgrounds is intended as the next major step toward democratic "normalcy," which Papadopoulos has promised.

The Markezinis appointment thus marks another crucial testing point for Papadopoulos, and contains the seeds of greater problems in the future. The military officers who fear and oppose a civilian government are grumbling again, and some are suspected of plotting against the President. As Markezinis, a career politician, moves eventually to demand real power and more scope for liberalization, the countervailing pressures from Papadopoulos' displaced military colleagues will increase.

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ITALY: The fragile peace between organized labor and Prime Minister Rumor's center-left coalition will be tested in the coming weeks as labor evaluates Rumor's performance in slowing down Italy's rampant inflation. The autumn round of contract talks has already begun, with the leadership of the major unions adopting a relatively moderate stand in the opening phase.

Rumor demonstrated his recognition of labor's importance by consulting with union leaders last summer while taking emergency steps against inflation. The traditionally militant unions gave Rumor a breathing spell by taking a "wait-and-see" attitude toward his new government. The powerful Communist Party has encouraged moderation, and labor has so far refrained from extreme demands. Across-the-board pay increases and large-scale strike activity at this time would disrupt industrial production and cut short the recent economic upturn.

The Communists' intervention with labor on behalf of Rumor is an outgrowth of what the party leadership calls its "different" kind of opposition. By not automatically opposing all government efforts, the Communists are out to make two points. They want to emphasize that the center-left government, although still inadequate, is an improvement over Giulio Andreotti's right-leaning coalition. More important, they want to prove that the country's problems cannot be solved without Communist participation.

Recent high-level labor meetings suggest that the unions may adhere to this moderate line in the negotiations. However, pressure from the rank-and-file will increase if the government's anti-inflation efforts falter. A recent spate of strikes in a segment of the auto industry demonstrated the imperfect control exercised by the trade union leadership and underlined worker fears over the effects of inflation.

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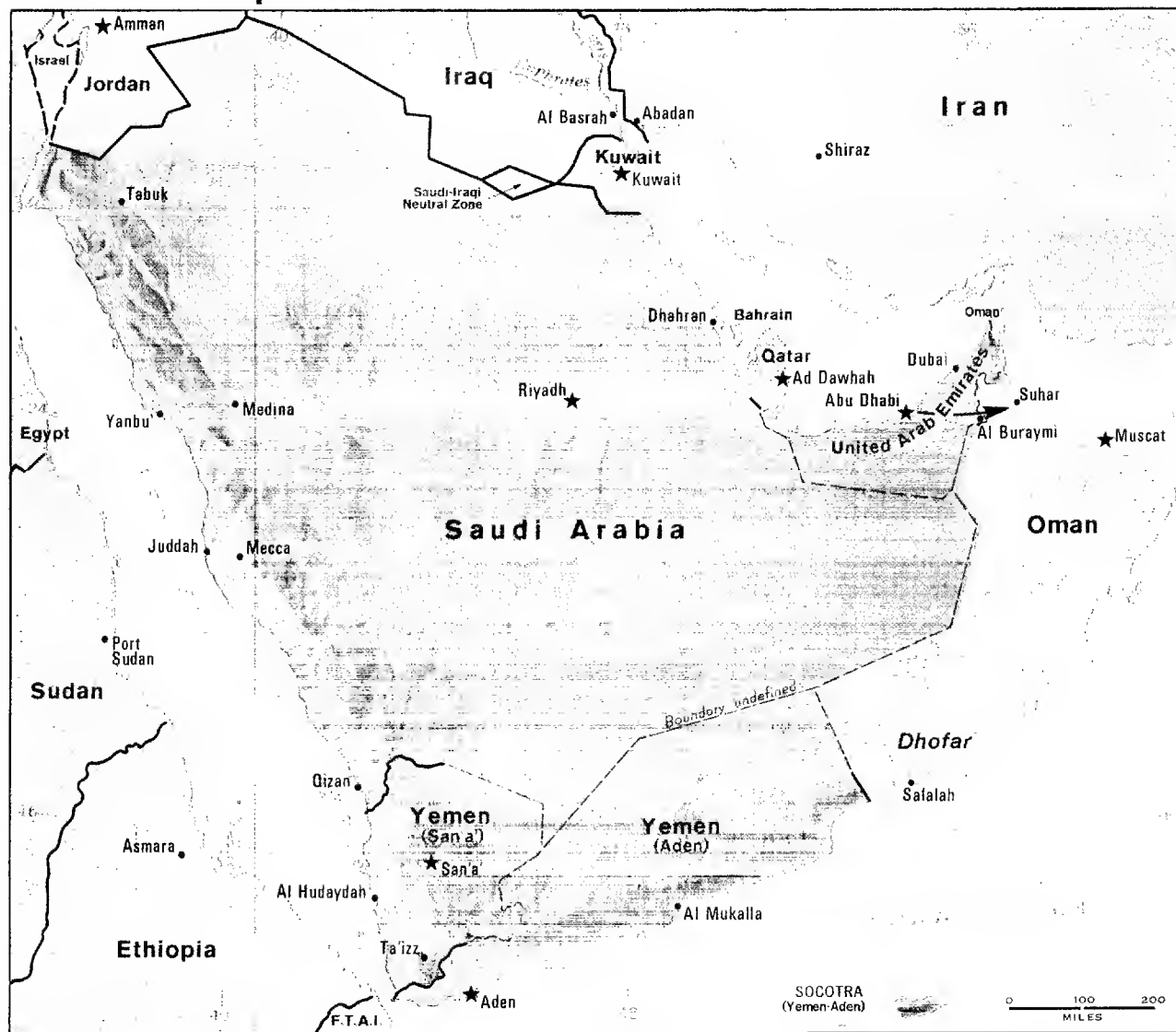
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Abu Dhabi Troops to Northern Oman



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ABU DHABI - OMAN: Three companies of the Abu Dhabi Defense Force will take up garrison duties in northern Oman in the near future. The Abu Dhabi contingent will relieve Oman units for service against the rebels in Dhofar Province.

This is the first significant military cooperation between Sheikh Zayid of Abu Dhabi and Sultan Qabus of Oman, [REDACTED]

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[REDACTED] About 200
Iranians have been operating with the Sultan's forces in Dhofar since early 1973, and some Jordanians are serving in training and advisory roles.

Oman's army of about 7,500 has been stretched thin by the protracted guerrilla war being waged in Dhofar by the leftist Popular Front for the Liberation of Oman and the Arab Gulf with the support of Yemen (Aden). The war probably will heat up in coming weeks with the end of the monsoon along Dhofar's coastal plain. [REDACTED]

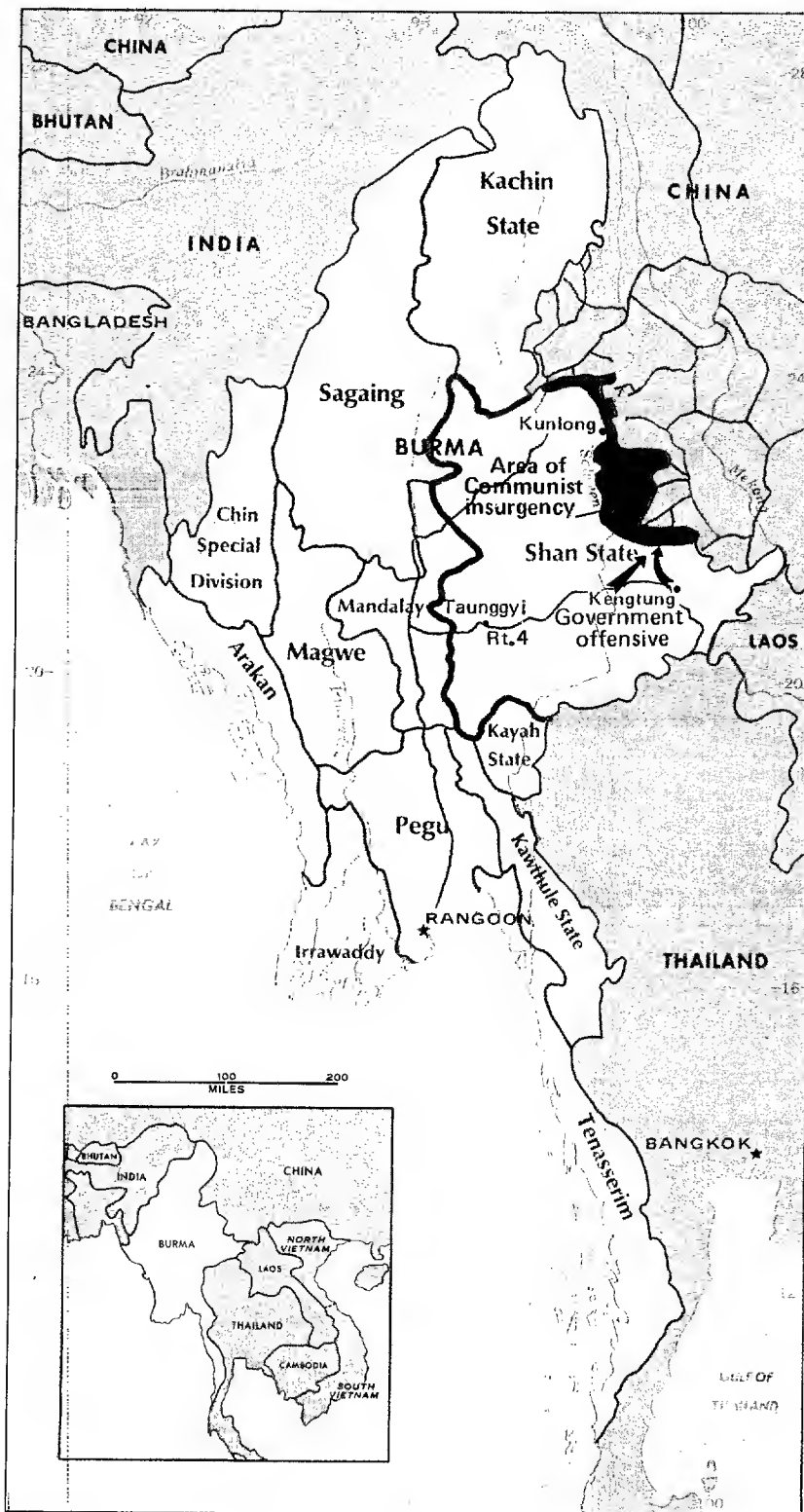
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BURMA: For the first time, the Burmese Army appears ready to challenge the territorial inroads made by the Burmese Communists in the eastern Shan State.

A newly reinforced 5,000-man government force is being mobilized to move against a rebel force of about equal size that has been massing in the Kengtung area. The initial objective of the campaign is to secure Route 4, the economic lifeline of the eastern Shan State, from further insurgent ambushes. Its interdiction would be viewed as a major psychological setback in Rangoon and as an economic disaster in Kengtung.

Senior army officers in Rangoon have been frustrated over their inability to block the growth of the Burmese Communist movement (BCP), which is supplied and directed in part by the Chinese. Until now the army command has ruled out major ground operations in the remote border area because extreme distances from supply depots, rugged terrain, and a hostile population put the government at a strong disadvantage in fighting the well-armed and -supplied insurgents. The generals also have not been anxious to mount large-scale operations near the China border for fear of provoking Peking.

While this operation does not mean that Rangoon has thrown caution to the wind--the army sees it primarily as a defensive move--it does underline how seriously Rangoon takes the Communist threat. Although Rangoon's political writ is only nominal in large areas of the eastern Shan State, the army believes that if the BCP can establish a major stronghold in the Kengtung area it will be in a much stronger position to threaten important lowland population centers in the eastern Shan State.

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FOR THE RECORD*

France: The fourth French supersonic Mirage IV bomber to crash in less than a year went down on 27 September, apparently because of a mechanical failure. The Mirage IV, which first entered service almost ten years ago, is France's only strategic bomber, and after years of accident-free flying, may now be suffering maintenance and aging problems.

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Finland-EC: President Kekkonen has announced that he will decide Wednesday whether Finland will sign its long-pending free trade agreement with the European Communities. The Finnish Communist Party, which led the opposition to the agreement, has been isolated domestically; probably only last-minute Soviet objections could dissuade Kekkonen from signing the agreement.

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**These items were prepared by CIA without consultation with the Departments of State and Defense.*

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